

GLOBAL REINSURANCE COMPANY ANNUAL REPORT 1968

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Report of the Board of Directors

The Board of Directors of Global Reinsurance Company has pleasure in presenting to the Shareholders its report for the year ended December 31, 1968, the twelfth year of the Company's operations.

During 1968 the Company's gross premiums written increased by 6% to \$13,341,400 of which the retention for net account was \$9,188,941, or 69%.

Due to the measures taken to improve the Company's Facultative Property business which had shown a loss of \$333,440 in 1967, the result for 1968 was considerably better, the business producing an underwriting profit of \$44,655.

The Canadian Treaty Portfolio continued to be profitable.

The United States business again showed very satisfactory results, producing a total underwriting profit of \$174,208.

The European Portfolio rendered an overall underwriting profit of \$125,511.

After deduction of overhead expenses the Statutory Net Underwriting Profit for the year amounted to \$18,249, compared with a loss of \$480,617 in 1967.

Responding to a strong cash flow generated within the Company's operations, the Investment Portfolio grew during 1968 by more than \$545,000 and at the year end totalled \$8,674,799. Concurrent with this growth and including profits of \$59,389 from the sale of securities, a net investment income of \$460,398 was

recorded, which figure represents a return of 5.53% on the average portfolio.

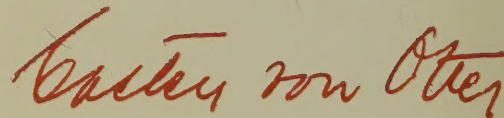
The total financial net income amounted to \$593,972 and together with the underwriting profit produced a net operating profit of \$612,221 (\$88,726 in 1967), the highest ever in the Company's history.

The policyholders' surplus, after payment of dividends to Shareholders of \$214,880, increased by \$527,218 and now stands at \$2,473,858.

The Directors record with regret the death in February 1969 of Dr. E. Michel Meyer who was associated with the Global Group in Canada since its inception. In 1968 the Board of Directors was enlarged by the election of Mr. Å. Brandin, Mr. D. S. Beatty, and Mr. G. P. Lautenschlaeger. Mr. R. R. Kern was appointed Vice-President and Secretary-Treasurer, and Mr. R. Carlsen a Vice-President.

The Board of Directors expresses its thanks and appreciation to the Company's Officers and Staff for their efforts throughout the year.

On behalf of the Board,



Casten von Otter
Executive Vice-President and Managing Director

Global House

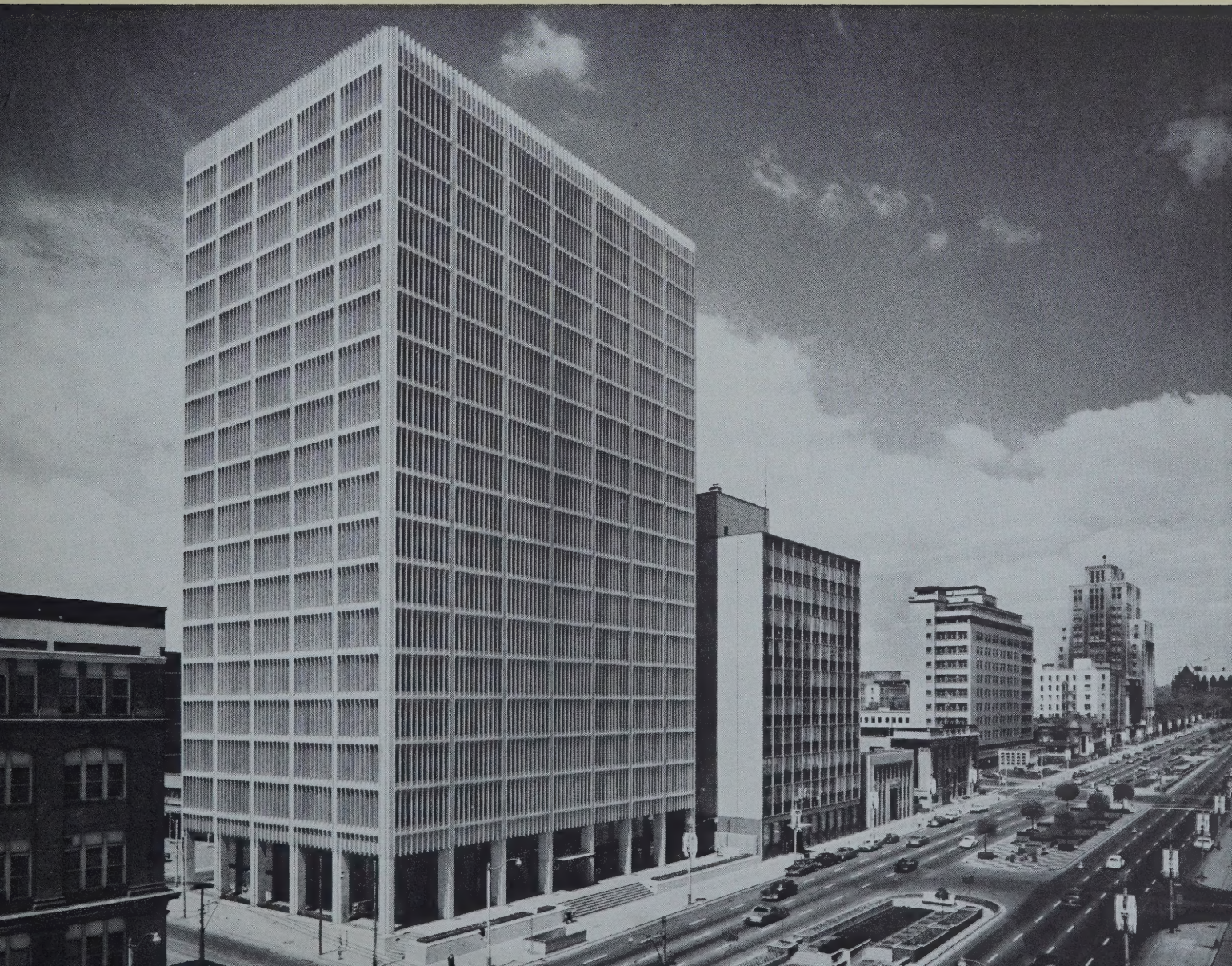
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Board of Directors

DR. HANS GERLING, *Chairman of the Board*

President and Chief Executive Officer of the Gerling Group of Insurance Companies, Chairman of the Board of the Global Group of Insurance Companies.

NORMAN E. PHIPPS, Q.C., *President*

Partner of White, Bristol, Beck & Phipps, Vice-Chairman of the Board of Global Life Insurance Company, President of Global General Insurance Company.

BARON CASTEN VON OTTER, K.St.J.

Executive Vice-President and Managing Director

Executive Vice-President and Managing Director of Global General Insurance Company, Director of Global Life Insurance Company, Gerling Global Offices Inc., New York, U.S.A.

DR. G. P. LAUTENSCHLAEGER

Vice-President and Manager

Director of Global Investment Corporation Limited, Gerling World Organization Limited, Gerling Global Offices Inc., New York, U.S.A., Gerling Standard Trust A.G., Cologne, West Germany.

D. S. BEATTY

Director of Coronation Credit Corporation Limited, Bahamas-Caribbean Development Corporation Limited, Combined Engineered Products Limited, Grouse Mountain Resorts Limited, Global General Insurance Company, Global Life Insurance Company.

ÅKE BRANDIN

Executive Vice-President and Director of Gerling Global Offices Inc., New York, U.S.A.

J. M. R. CORBET

Director of Area Mines Limited, Canada Permanent Trust Company, Mattagami Lake Mines Limited, United Accumulative Fund, Global General Insurance Company, Global Life Insurance Company.

R. W. FINLAYSON, M.A.

President of Finlayson Enterprises Limited, Director of Industrial Adhesives Limited, Global General Insurance Company, Global Life Insurance Company.

HON. LOUIS-P. GÉLINAS, M.B.E.

Counsel for Geoffrion, Robert & Gélinas Inc., Director of The Mercantile Bank of Canada, Canadian International Paper, Global General Insurance Company, Global Life Insurance Company.

**BRIG. W. PRESTON GILBRIDE,
C.B.E., D.S.O., E.D., LL.D.**

Chairman of the Board of Grafton-Fraser Limited, Lowville Limited, National Textiles Limited, Director of Gerling Global Offices Inc., New York, U.S.A., Gerling Insurance Group, Cologne, West Germany, Global General Insurance Company, Global Life Insurance Company.

H. E. LUMSDEN, B.C.E., P.ENG.

President of Global Life Insurance Company, Chairman of the Board of Lumsden Brothers Limited, Director of Global General Insurance Company.

DR. PETER MEHLHORN

Director of Global General Insurance Company, Global Life Insurance Company, Gerling Global Reinsurance Company Ltd., London, England, Gerling Global Reinsurance Company of South Africa Ltd., Johannesburg, S.A.

DR. E. MICHEL MEYER (Deceased February 25, 1969)

Director of Global General Insurance Company, Global Life Insurance Company, Gerling Global Offices Inc., New York, U.S.A., Gerling Global Reinsurance Company Ltd., London, England, Gerling Global Reinsurance Company of South Africa Ltd., Johannesburg, S.A.

Executive Officers

DR. HANS GERLING, *Chairman of the Board*

NORMAN E. PHIPPS, Q.C.
President

CASTEN VON OTTER
Executive Vice-President and Managing Director

GERHARDT P. LAUTENSCHLAEGER
Vice-President and Manager

ROLF R. KERN
Vice-President and Secretary-Treasurer

RALPH CARLSEN
Vice-President

P. B. ANDERSEN
Assistant Manager



Global Reinsurance Company

Balance Sheet as at December 31, 1968

		\$
Assets	Bonds—at amortized cost (quoted market value \$5,229,902)	6,404,056
	Stocks—at market value (cost \$1,770,743)	1,752,246
	Real Estate—at cost	500,000
	Cash	341,471
	Accrued interest and dividends	96,111
	Amounts due from retrocessionaires	44,394
	Amounts due from ceding companies	305,938
	Deposits with ceding companies	127,424
	Leasehold improvements (at cost less amortization)	145,516

Signed on behalf of the Board:

N. E. Phipps, Director

Casten von Otter, Director

9,717,156

Auditors' Report to the Shareholders

We have examined the balance sheet of Global Reinsurance Company as at December 31, 1968, and the statements of operations and surplus for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1968, and the results of its operations for the year then ended, in accordance with accounting practices appropriate to the insurance laws of Canada, applied on a basis consistent with that of the preceding year.

Toronto, February 28, 1969

McDonald, Currie & Co.
Chartered Accountants

Liabilities

		\$
Provisions for—		
Unpaid claims and adjustment expenses.....	2,135,850	
Unearned premiums at 80%.....	1,268,657	
Unsecured balances due from unlicensed retrocessionaires.....	47,824	3,452,331
Deposits withheld from unlicensed retrocessionaires.....		3,549,911
Amounts due to ceding companies.....		140,896
Amounts due to retrocessionaires.....		46,394
Accrued taxes.....		46,279
Accrued expenses.....		7,487
		<u>7,243,298</u>
CAPITAL STOCK AND SURPLUS		
CAPITAL STOCK.....	1,850,000	
SURPLUS.....	623,858	
POLICYHOLDERS' SURPLUS.....		2,473,858
		<u><u>9,717,156</u></u>

Notes to the Financial Statements

- Assets and liabilities in foreign currencies have been converted at the rates prevailing at December 31, 1968.
- Bonds with a par value of \$1,085,000 and stocks with a market value of \$1,029,688 are held by Ceding Companies in escrow or under deposit agreements.
- Capital Stock:

Authorized —

1,000 5% cumulative convertible non-voting Class A shares redeemable at the par value of \$100 each.
 12,000 non-voting Class B shares with a par value of \$100 each.
 10,000 common shares with a par value of \$100 each.

Issued and fully paid —

	\$
1,000 Class A shares.....	100,000
7,500 Class B shares.....	750,000
10,000 Common shares.....	<u>1,000,000</u>
	<u><u>1,850,000</u></u>
- Remuneration paid during the year to Directors and Senior Officers, as defined by the Corporations Act, amounted to \$102,764.
- Income taxes otherwise payable have been eliminated by losses carried forward from prior years.

Statement of Operations

for the year ended December 31, 1968

			\$
Gross premiums written	13,341,400		
Premiums retroceded	<u>4,152,459</u>		
Net premiums written	9,188,941		
Decrease in provision for unearned premiums	<u>615,562</u>		
Net premiums earned	9,804,503		
Net claims and adjustment expenses incurred	6,722,855		
Commissions	2,690,598		
Premium taxes and other expenses	232,131		
Salaries, fees and travelling expenses	<u>140,670</u>	<u>9,786,254</u>	
STATUTORY UNDERWRITING PROFIT		18,249	
FINANCIAL INCOME—			
Interest	358,320		
Dividends	46,076		
Profit on sale of investments	59,389		
From deposits	252,401		
Rent	<u>27,500</u>	743,686	
LESS—			
Interest paid on deposits	110,191		
Investment and other expenses	<u>39,523</u>	<u>149,714</u>	<u>593,972</u>
NET OPERATING PROFIT FOR THE YEAR		<u><u>612,221</u></u>	

Statement of Surplus

for the year ended December 31, 1968

		\$
BALANCE—DECEMBER 31, 1967	96,640	
Net operating profit for the year	612,221	
Net decrease in non-admitted assets and provision for unsecured balances due from unlicensed retrocessionaires	<u>129,877</u>	
	838,738	
Dividends paid to shareholders	<u>214,880</u>	
BALANCE—DECEMBER 31, 1968 (including contributions to surplus of \$1,900,000, arising from the issue of shares at a premium, less applicable dividends of \$401,835)	<u><u>623,858</u></u>	

Portfolio of Investments

Bonds

PAR VALUE	DESCRIPTION	MATURITY DATE	AMORTIZED BOOK VALUE	YIELD
			\$	
200,000	Government of Canada, Treasury Bills.....	1969	199,737	6.00
50,000	Government of Canada..... 5½%	1974	49,643	5.68
100,000	Government of Canada..... 5½%	1976	101,241	5.26
50,000	Government of Canada..... 3¾%	1978	49,074	4.01
25,000	Government of Canada..... 5¼%	1990	24,315	5.48
50,000	Province of Quebec..... 4¾%	1977	49,687	4.86
25,000	Province of Quebec..... 5½%	1990	24,580	5.65
160,000	Ontario Hydro..... 4¾%	1975	158,011	5.00
100,000	Ontario Hydro..... 5%	1976	99,844	5.03
100,000	Ontario Hydro..... 5%	1977	99,750	5.04
50,000	Ontario Hydro..... 4½%	1978	48,412	5.00
100,000	Ontario Hydro..... 5%	1978	99,206	5.12
100,000	Ontario Hydro..... 5%	1983	97,480	5.29
50,000	Ontario Hydro..... 5¼%	1985	49,725	5.29
100,000	Ontario Hydro..... 7%	1992	99,281	7.07
35,000	Quebec Hydro..... 5%	1980	34,434	5.22
50,000	Quebec Hydro..... 5¼%	1986	48,833	5.50
210,000	Quebec Hydro..... 5%	1995	196,090	5.52
75,000	B.C. Electric..... 5½%	1988	75,000	5.13
25,000	Alberta Municipal Financing Corp..... 6¼%	1989	24,783	6.33
200,000	Alberta Municipal Financing Corp..... 6%	1992	200,000	6.00
100,000	Shawinigan Water & Power Co..... 4¾%	1976	96,972	5.35
160,000	Metropolitan Toronto..... 5%	1977	160,727	4.93
30,000	Metropolitan Toronto..... 5½%	1982	29,757	5.61
1,130,000	Metropolitan Toronto..... 5%	1983	1,101,068	5.34
50,000	City of Montreal..... 7%	1992	48,736	7.24
45,000	Abitibi Paper Co..... 6¼%	1977	46,687	5.61
45,000	Alberta Gas Trunk Line Co..... 6½%	1981	46,316	6.04
100,000	Alliance Credit Corp..... 6¼%	1985	20,000	—
50,000	Bell Telephone Co..... 6¼%	1978	52,120	5.54
100,000	Bell Telephone Co..... 6¼%	1987	99,743	6.15
200,000	Bell Telephone Co..... 6¼%	1988	200,452	6.23
100,000	B.C. Forest Products..... 6½%	1992	97,700	6.71
50,000	B.C. Telephone Co..... 5¼%	1983	48,995	5.51
30,000	B.C. Telephone Co..... 6¾%	1991	29,863	6.41
50,000	Canada & Dominion Sugar Co..... 5%	1978	49,735	5.07
150,000	Canadian Pacific Railway Co..... 5%	1983	146,437	5.29
50,000	Consumers' Gas Co..... 5%	1978	49,603	5.12
594,000	T. Eaton Acceptance Co..... 6¾%	1980	619,047	6.15
200,000	T. Eaton Realty Co..... 5%	1978	197,882	5.16
20,000	General Mortgage Service..... 6%	1973	19,200	6.65
220,000	International Bank of Reconstruction..... 6¼%	1992	215,952	6.41
28,000	Irving Oil Co..... 6½%	1981	28,791	6.12
100,000	Loblaw Groceterias..... 6¼%	1991	98,625	6.88
20,000	Loblaw Leased Properties..... 6¼%	1985	20,733	6.31
235,000	Salada Foods..... 6%	1977	236,997	5.84
50,000	Simpsons-Sears Acceptance Co..... 6¾%	1980	52,154	6.15
12,000	Steinberg Properties..... 6%	1984	11,902	6.10
187,000	Steinberg Shopping Centres..... 7%	1985	194,442	6.45
25,000	Traders Finance Corp..... 5¼%	1979	24,917	5.80
200,000	Traders Finance Corp..... 5¼%	1981	199,817	5.76
200,000	Traders Finance Corp..... 5¼%	1983	202,512	5.59
2,000	Trans-Canada Pipe Lines..... 5%	1989	2,048	4.80
125,000	Union Gas Co..... 7¾%	1988	125,000	7.75
	TOTAL BONDS.....		<u>6,404,056</u>	5.73

Portfolio of Investments (cont.)

Real Estate:

	\$	
Land — at cost.....	<u>500,000</u>	5.50

Shares

NO. OF SHARES	DESCRIPTION	(U.S.)	BOOK VALUE (CDN.)	YIELD
2,000	Abitibi Paper Co.....		24,225	4.21
500	A.C.F. Industries.....	27,375		4.11
500	Alberta Gas Trunk Lines 5½% pf'd.....		55,500	4.85
1,500	Alcan Aluminium.....		43,813	3.51
300	American Express.....	21,000		1.57
882	American Telephone & Telegraph Corp.....	60,585		3.49
5,000	Bank of Montreal.....		64,496	4.50
1,000	Bendix Corp.....	43,863		3.31
2,500	Canadian Imperial Bank of Commerce.....		34,141	4.17
100	Coastal States Gas Producing.....	7,300		—
300	Chrysler.....	19,350		3.10
2,000	Cominco.....		67,900	6.19
1,000	Dominion Foundries.....		21,450	3.03
1,000	Eastern Utilities.....	26,250		7.62
1,000	Furman-Wolfson.....	15,225		5.25
600	General Foods Corp.....	54,950		2.62
1,500	Industrial Acceptance Corp.....		41,600	4.68
1,000	Inland Steel.....	40,163		4.98
1,000	International Nickel.....		42,713	4.92
1,000	International Telephone & Telegraph Corp.....	59,263		1.79
1,500	Iowa Public Service.....	39,138		4.91
3,600	Laurentide.....		30,895	—
1,400	MacMillan, Bloedel.....		40,042	3.50
1,500	Marcor.....	64,975		2.31
500	Melville Shoes.....	27,050		3.04
1,575	Mill Factors Corp.....	37,025		2.55
1,000	Monsanto Co.....	71,650		2.30
1,000	National Biscuit Co.....	51,988		3.99
400	National Lead.....	27,600		4.71
1,000	Opemiska Copper Mines.....		9,190	8.70
600	Owens-Corning Fiberglass Corp.....	57,825		1.45
1,000	Oshawa Wholesale.....		35,018	0.51
1,000	Pembina Pipeline.....		21,224	—
1,000	R. J. Reynolds Tobacco Co.....	63,700		3.45
2,500	Royal Bank of Canada.....		39,606	4.42
300	Scientific Data Systems.....	28,975		—
500	Southern Co.....	14,187		3.86
800	Standard Oil Co. N.J.....	63,700		4.58
700	Talcott National.....	34,650		1.51
1,500	Texaco Canada.....		44,482	2.50
200	Texas Instruments.....	23,887		0.67
1,000	Trans-Canada Pipe Lines.....		35,800	2.79
1,100	United States Steel Corp.....	61,050		4.32
	TOTALS.....	<u>1,042,724</u>	<u>652,095</u>	
	Exchange adjustment to Canadian Funds.....	75,924		
		<u>1,118,648</u>		
	TOTAL SHARES.....		<u>1,770,743</u>	3.40
	TOTAL PORTFOLIO—AT COST.....		<u>8,674,799</u>	5.26
	Adjustment to statement value.....		18,497	
	GRAND TOTAL.....		<u>8,656,302</u>	

The Global Insurance Companies

All Classes of Insurance and Reinsurance



GLOBAL GENERAL INSURANCE COMPANY
GLOBAL LIFE INSURANCE COMPANY
GLOBAL REINSURANCE COMPANY

Consolidated Group Information

as at December 31, 1968

	1968	1965	1962	1959
	\$	\$	\$	\$
CAPITAL of all Companies				
Paid-up (including original contributions to surplus)	10,280,000	10,280,000	7,850,000	3,750,000
SURPLUS FOR THE PROTECTION OF POLICYHOLDERS	7,010,270	6,785,644	6,150,602	2,913,630
ADMITTED ASSETS	49,119,878	37,994,928	38,310,755	21,239,985
INVESTED ASSETS	23,927,076	18,283,581	19,284,614	8,310,960
NET PREMIUMS WRITTEN	22,687,162	21,187,085	16,935,952	9,600,373
Global General Insurance Company	9,665,438	7,824,940	7,453,289	4,429,219
Global Reinsurance Company	9,188,941	9,338,094	6,499,171	3,582,801
Global Life Insurance Company	3,832,783	4,024,051	2,983,492	1,588,353
LIFE INSURANCE IN FORCE	372,379,000	355,753,284	221,368,519	86,936,359

